

## **DECISION MEMORANDUM**

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: NEIL PRICE  
DEPUTY ATTORNEY GENERAL**

**DATE: JUNE 24, 2011**

**SUBJECT: APPLICATION OF PACIFICORP DBA ROCKY MOUNTAIN POWER  
TO SUSPEND FUTURE PROGRAM EVALUATIONS OF SCHEDULE 21,  
LOW INCOME WEATHERIZATION SERVICES OPTIONAL FOR  
INCOME QUALIFYING CUSTOMERS, CASE NO. PAC-E-11-13**

On April 29, 2011, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” or “Company”) filed an Application with the Commission seeking an Order suspending the Company’s future obligation to perform program evaluations of its Schedule 21 Low Income Weatherization Services Optional for Income Qualifying Customers Program.

### **APPLICATION**

Rocky Mountain partners with two non-profit weatherization agencies that install energy efficiency measures in income eligible households at no-cost to residents: Eastern Idaho Community Action Partnership in Idaho Falls and Southeastern Idaho Community Action Agency in Pocatello.

Rocky Mountain attached a copy of the evaluation conducted by The Cadmus Group, Inc. of its Schedule 21, Low Income Weatherization Services Optional for Income Qualifying Customers (“Program”), to its Application. The program evaluation was based on program activities for the time period of 2007 through 2009.

Rocky Mountain states that, due to many factors, the evaluation reveals that the Program is not cost-effective. As such, the Company seeks an acknowledgement from the Commission that the Program is an acceptable part of Rocky Mountain’s program portfolio, as well as a finding that it should be allowed to continue. The Company believes that future

administrative costs associated with the Program could be lessened by the removal of the Company's obligation to perform future Program evaluations.

During the three-year evaluation period, the Company offered the agencies a 75% reimbursement for the cost of installing approved measures and a 15% reimbursement for administrative costs. A cap of \$150,000 per year in program funding was established over the three-year period. Rocky Mountain stated that the remainder of the costs for installed measures not subject to reimbursement from the Company, 25%, is obtained by the individual agencies from federal funding sources.

Rocky Mountain noted that Commission Order No. 32196, Case No. PAC-E-10-07, increased the annual Program funds available from a maximum of \$150,000 to \$300,000. Rocky Mountain's contribution to the agencies for the cost of installing approved measures was also increased from 75% to 85% of the cost of approved measures. The 15% administrative cost reimbursement remains in place.

The Program evaluation performed by The Cadmus Group, Inc. includes the review of processes and impacts. It estimates the kWh savings achieved through billing analyses, as well as estimates for non-energy benefits. Rocky Mountain argues that its entire portfolio of energy efficiency programs is cost-effective. However, the Company argues that Schedule 21 is not cost-effective when viewed from the Total Resource Cost (TRC), Utility Cost (UCT) or Ratepayer Impact (RI) perspectives, unless non-energy benefits are included. The TRC test indicates that Schedule 21 is cost-effective if non-energy benefits are factored into the analysis. Rocky Mountain's analysis included only the Company's costs of administering the Program and did not include any funds the agencies may have received from federal sources.

In summary, Rocky Mountain wants to discontinue further evaluations of Schedule 21, Low Income Weatherization Services Optional for Income Qualifying Customers, because the Company believes that the additional costs of Program evaluations will further erode the cost-effectiveness of the Company's demand-side management programs. The Company believes that its position is supported by the independent evaluation conducted by The Cadmus Group, attached to its Application. Rocky Mountain believes that this case should be processed through Modified Procedure.

### **STAFF RECOMMENDATION**

Staff has reviewed Rocky Mountain's Application and agrees with the Company's request to process the Application through Modified Procedure. However, Staff believes that a workshop may be necessary in order to work through the issues involved in this case. Thus, it may be helpful to establish an intervention deadline in order to specifically identify the parties who wish to participate in a subsequent workshop.

### **COMMISSION DECISION**

Does the Commission wish to process Rocky Mountain's Application through Modified Procedure with a 90-day comment period and a 14-day deadline for intervention?

A handwritten signature in black ink, appearing to read 'Neil Price', is written over a horizontal line.

Neil Price  
Deputy Attorney General

M:PAC-E-11-13\_np